

Message Text

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ACTION COA-01

INFO OCT-01 ARA-06 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

SP-02 SCS-03 L-02 EB-07 SCA-01 H-01 INR-07 DLOS-03

PRS-01 CG-00 DOTE-00 /035 W
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FM AMEMBASSY QUITO

TO SECSTATE WASHDC NIACT IMMEDIATE 4185

INFO AMCONSUL GUAYAQUIL IMMEDIATE

AMEMBASSY LIMA IMMEDIATE

AMEMBASSY MEXICO IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 QUITO 0617

E.O. 11652: GDS

TAGS: PFOR, EC, US, EFIS

SUBJECT: SEIZURES OF U.S. FISHING BOATS

REF: A. STATE 18361; B. QUITO 614; C. GUAYAQUIL 136

1. SUMMARY: PURPOSE OF THIS MESSAGE IS TO SUMMARIZE EVENTS SURROUNDING RECENT FISHING BOAT SEIZURES AND OFFER SOME PRELIMINARY OBSERVATIONS WITH RESPECT TO POLICY IMPLICATIONS FOR U.S. PRINCIPAL CONCLUSIONS ARE THAT SEIZURES DO NOT NECESSARILY PUT US BACK TO SQUARE-ONE IN RELATIONS WITH ECUADOR, THAT EFFORT SHOULD BE MADE TO LIMIT DAMAGE CAUSED BY FISHING ISSUE TO OTHER ASPECTS OF OUR RELATIONS TO EXTENT POSSIBLE AND THAT PRECIPITATE RETALIATORY ACTION BY U.S. SUCH AS REIMPOSITION OF FMS SANCTIONS WOULD BE COUNTERPRODUCTIVE TO OUR BASIC INTERESTS HERE AND UNDERMINE THOSE ASPECTS OF OUR RELATIONS WHICH SEEM TO BE MOVING ALONG VERY WELL. END SUMMARY

2. GOE SEIZURE OF U.S. FISHING BOATS ON JANUARY 25 RAN CONTRARY TO MOST RELIABLE INDICATIONS WE HAD BEEN RECEIVING. THERE HAD BEEN NO CAPTURES SINCE FEBRUARY 1973, A FACT WHICH HAD GAINED A SORT OF MOMENTUM OF ITS OWN AND
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HAD LED MANY WELL-PLACED ECUADOREAN FIGURES TO OBSERVE

TO US OVER RECENT MONTHS THAT "TUNA WAR" WAS A THING OF THE PAST. IN THE LAST TWO WEEKS ALONE TWO KEY NAVAL OFFICERS IN A POSITION TO KNOW--CNO VASQUEZ AND SUBSECRETARY FOR FISHERIES RODRIGUEZ--HAD SUMMARIZED THE FISHERIES SITUATION FOR US IN JUST ABOUT THOSE WORDS.

3. MORE FUNDAMENTALLY, IN THE INTERVENING TWO YEARS, THERE HAVE BEEN CHANGES IN ECUADOR'S OWN SITUATION AND IN ITS RELATIONS WITH US, WHICH MITIGATED AGAINST RENEWED SEIZURES. THE MOST BASIC WAS THE ADVENT OF OIL REVENUES AND ALL OF ITS IMPLICATIONS. ECUADOR'S FISHERY HAD ONCE BEEN VIEWED BY LEADERS HERE AS A GREAT POTENTIAL SOURCE OF NATIONAL WEALTH. ALSO, NOT INSIGNIFICANTLY, FINES RECEIVED FROM U.S. FISHING BOATS HAD BEEN A WELCOME SOURCE OF ADDITIONAL REVENUE TO AN IMPOVERISHED ECUADOREAN NAVY. OIL REVENUES OBVIOUSLY PUT FISHING IN A DIFFERENT PERSPECTIVE. THE SIGNIFICANCE OF THREE TO FOUR MILLION DOLLARS A YEAR IN REVENUES FROM FISHING LICENSES AND FINES PALED NEXT TO THE HUNDREDS OF MILLIONS IN ANNUAL OIL REVENUES WHICH BEGAN TO ACCURE TO GOE IN 1973. NAVY'S SHARE OF FISHING FINES LOST ALL PRACTICAL CONSEQUENCE ONCE GOE STARTED TO EARMARK CERTAIN PART OF OIL REVENUES DIRECTLY TO ITS ARMED SERVICES.

4. AS FOR US/GOE RELATIONS, PRESIDENTIAL WAIVER OF FMS SANCTIONS ON NATIONAL SECURITY GROUNDS IN JANUARY 1974 OPENED THE WAY FOR A MAJOR IMPROVEMENT IN ATMOSPHERE OF OUR BILATERAL DEALINGS AND FOR RENEWED MILITARY RELATIONS WHICH HAD BEEN SUSPENDED IN 1971. SIGNIFICANCE OF THIS EVENT WAS ENHANCED BY THE FACT THAT GOE WAS THEN, AND CONTINUES TO BE, MILITARY GOVERNMENT WITH STRONG INTEREST IN REFURBISHING ITS ARMED FORCES WHICH ARE IN DILAPIDATED STATE. DIRECTLY-RELATED GOE CONCERN WAS TURN OF EVENTS IN NEIGHBORING PERU, BOTH INTERNAL AND IN RESPECT TO ARMS ACQUISITIONS.

5. WITH BENEFIT OF HINDSIGHT, THERE WAS A TREND IN ECUADOR'S FISHERIES POLICY WHICH PERHAPS SOONER OR LATER HAD TO COLLIDE WITH THE ABOVE-NOTED FACTORS. THIS WAS INEXORABLE PROGRESS OF ECUADOR'S FISHERIES POLICY TOWARDS

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AN EXCLUSIVE FISHERIES ZONE. PRIOR TO 1973, GOE HAD BEEN WILLING TO ALLOW ANY FOREIGN FLAG VESSEL TO FISH IN ITS CLAIMED WATERS PROVIDED IT HAD PURCHASED THE APPROPRIATE LICENSE. THERE WERE NO LIMITATIONS TO LICENSED FISHING AND CORRESPONDINGLY LITTLE CONCERN FOR DEVELOPMENT OF A NATIONAL FISHING INDUSTRY OF FOR CONSERVATION.

6. SINCE LATE 1973, HOWEVER, THERE HAVE BEEN TWO MAJOR

PIECES OF FISHERIES LEGISLATION WHOSE PRACTICAL EFFECT HAS BEEN TO PROTECT LOCAL INDUSTRY, SHARPLY CURTAIL ACCESS OF FOREIGN BOATS AND SHOW MUCH GREATER CONCERN FOR CONSERVATION. AMONG THE MEASURES INCLUDED IN THESE LAWS HAVE BEEN AUTHORITY FOR GOE TO SET OVERALL CATCH CEILINGS, AUTHORITY TO RESERVE CERTAIN AREAS OFF ITS COAST EXCLUSIVELY FOR LOCALLY REGISTERED BOATS AND PROVISION FOR DRAMATICALLY INCREASED FINES FOR UNLICENSED FOREIGN FLAG FISHING, INCLUDING CONFISCATION OF CATCH. FINALLY, IN DECEMBER 1974, MINISTRY OF NATURAL RESOURCES PROMULGATED ANOTHER PROTECTIVE MEASURE IN FORM OF IMPLEMENTING REGULATION TO 1974 FISHERIES LAW WHEREBY ALL WATERS WITHIN 40 MILES OFF ECUADOR'S COAST WAS SPECIFICALLY RESERVED FOR LOCALLY-REGISTERED BOATS. ALSO, FOREIGN FLAG VESSELS OVER 600 NRT WERE TOTALLY DENIED ANY RIGHT TO BUY FISHING LICENSES (A RESTRICTION WHICH GOE TOLD US WAS PROMPTED BY DEEP CONCERN FOR CONSERVATION), EVEN IF THEY WANTED THEM.

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C O N F I D E N T I A L FINAL SECTION OF 2 QUITO 0617

7. AS IT TURNED OUT, THESE NEW GOE POLICIES AND U.S. TUNA VESSELS AVOIDED COLLISION THROUGHOUT THE 1973-74 SEASON IN PART PERHAPS BECAUSE OF POLITICAL AND ECONOMIC FACTORS CITED IN PARAS 3 AND 4 ABOVE, BUT THE SIMPLE FACT THAT TUNA FISHING IN THIS REGION WAS VERY POOR

DURING THAT PERIOD WAS OBVIOUSLY ALSO A MAJOR ELEMENT. THIS YEAR, WITH FISH RUNNING CONSIDERABLY BETTER, IT PRESUMABLY BECAME ECONOMICALLY TEMPTING FOR SOME OF OUR TUNA BOAT OWNERS TO AGAIN TRY THEIR HAND AT UNLICENSED FISHING OFF ECUADOR; AND, AS DEPARTMENT KNOWS, RISK INVOLVED IN THIS COURSE OF ACTION FOR OUR FISHERMEN HAS ALWAYS BEEN MINIMIZED BY PROVISIONS OF FISHERMEN'S PROTECTIVE ACT (FAP) WHICH PROVIDES FOR REIMBURSEMENT OF FINES AND LICENSE COSTS PAID UNDER THESE CIRCUMSTANCES. WHAT IS NOT YET CLEAR, AND THIS COULD SIGNIFICANTLY AFFECT BEHAVIOR OF OUR FISHERMEN IN THE FUTURE, IS WHETHER NEW AND CONSIDERABLY MORE COSTLY GOE PENALTY OF CONFISCATION OF CATCH FOUND ON BOARD IS ALSO REIMBURSABLE UNDER TERMS OF FPA.

8. WE HAVE AS YET NO COMPLETELY SATISFACTORY FACTUAL EXPLANATION AS TO WHY THE GOE CHOSE THIS PARTICULAR TIME TO PULL OFF THE SEIZURES. IT MAY SIMPLY BE THAT GOE
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WAS DETERMINED TO APPLY ITS LEGISLATION. IN ANY EVENT, IN THE ABSENCE OF EVIDENCE TO THE CONTRARY, WE ASSUME THAT THIS DECISION WAS REVIEWED AND APPROVED AT THE HIGHEST LEVEL. (BOTH THE PRESIDENT AND CNO ADMIRAL VASQUEZ WERE IN GUAYAQUIL FRIDAY AT WHICH TIME THE MATTER WAS PROBABLY DISCUSSED.) AND WE CANNOT IGNORE THE EFFECTS RECENT TRADE BILL CONTROVERSY HAS HAD ON GOE ATTITUDES TOWARDS U.S. WE KNOW ADMIRAL VASQUEZ TO BE ESPECIALLY IRATE OVER LAW AND IMPLICATIONS HE BELIEVES IT WILL HAVE ON POSSIBILITY FOR CONGRESSIONAL APPROVAL OF DD WE HAVE AGREED TO PROVIDE ECUADOR. AND EVEN PRESIDENT RODRIGUEZ STEPPED INTO THE FRAY ON FRIDAY WITH A STRONG DENUNCIATION OF WHAT GOE CONSIDERS TO BE DISCRIMINATORY POLICY TOWARDS IADB SOFT LOANS TO ECUADOR. SO WHILE TRADE BILL IMBROGLIO MAY NOT HAVE BEEN THE IMMEDIATE CAUSE, IT MUST HAVE MADE DECISION TO ENFORCE FISHERIES LAW EASIER; AND WHATEVER THE TRUE BACKGROUND, SEIZURES ARE SURE TO BE WIDELY INTERPRETED AS ECUADOR'S ANSWER TO TRA.

9. TURNING TO WHAT THESE EVENTS MAY IMPLY FOR OUR POLICES, IT IS WELL TO BEAR IN MIND THAT DESPITE THE SEIZURES AND DESPITE THE TRA CONTROVERSY, THERE ARE MANY KEY ASPECTS OF OUR RELATIONS STILL PROCEEDING APACE. MILITARY SALES IS ONE AREA, AND ONE WHERE WE ASSUME GOE WANTS PROGRESS TO CONTINUE. ANOTHER IS INCREASING U.S. COMMERCIAL EXPORT OPPORTUNITIES AS A RESULT OF INCREASED GOE OIL REVENUES. MOST RECENTLY GOE MINISTRY OF PUBLIC WORKS HAS EXPRESSED INTEREST IN MAJOR PURCHASE OF CONSTRUCTION EQUIPMENT FROM US WHICH MAY IN THE END AMOUNT TO \$150,000,000; AND, OF COURSE, THERE ARE OUR OIL INTERESTS (REPRESENTING

A \$300 MILLION INVESTMENT) WHICH, THOUGH NOT WITHOUT THEIR DIFFICULTIES, LOOM FAR LARGER THAN ANY OTHER CONCERN OF OURS IN ECUADOR. AT THE MOST, IN A GOOD SEASON, U.S. TUNA FISHING OFF ECUADOR AT PRESENT WORLD PRICES REPRESENTS AN ESTIMATED 10-15 MILLION IN CATCH, MUCH OF WHICH IS TAKEN BY LICENSED VESSELS. IN OTHER WORDS, UNLIKE FIVE YEARS AGO, WE NOW HAVE ENOUGH THINGS GOING WELL FOR US HERE THAT IT SHOULD BE POSSIBLE TO PREVENT AN INCIDENT IN ONE RELATIVELY MINOR AREA OF INTEREST TO US FROM THREATENING THE ENTIRE FABRIC OF OUR RELATIONSHIP.

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10. IN OUR VIEW THE FOREGOING INTERESTS AND CONSIDERATIONS SUGGEST THAT OUR BEST COURSE IN THE SHORT TERM IS TO SEEK TO LIMIT DAMAGE CAUSED BY FISHING ISSUE TO OTHER ASPECTS OF OUR RELATIONS HERE. BY AVOIDING RETALIATORY ACTION WE CAN GAIN ENOUGH TIME TO BE ABLE TO MAKE A MORE THOROUGH ASSESSMENT ABOUT WHETHER GOE'S INTENTIONS ARE MERELY TO DEFEND ECONOMIC RESOURCES OFF THEIR COAST WHICH THEY HAVE STATED INTENTION OF DEFENDING ALL ALONG, OR WHETHER THESE SEIZURES IN FACT SIGNAL A MORE PROFOUND CHANGE IN ATTITUDE TOWARDS THE U.S., WHICH WE DO NOT, RPT, NOT PRESENTLY BELIEVE TO BE THE CASE.
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